

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name HARING	County WEXFORD
Audit Date 12/31/04	Opinion Date 10/20/05	Date Accountant Report Submitted to State: 1/19/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.			
Street Address 134 West Harris Street		City Cadillac	State MI
Accountant Signature 		ZIP 49601	Date

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

DECEMBER 31, 2004

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

DECEMBER 31, 2004

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HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

DECEMBER 31, 2004

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

October 20, 2005

INDEPENDENT AUDITORS' REPORT

To the Township Board
Haring Charter Township
Wexford County
Cadillac, Michigan

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haring Charter Township, Wexford County, Cadillac, Michigan, as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Haring Charter Township, Wexford County, Cadillac, Michigan, as of December 31, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* as of January 1, 2004.

The management's discussion and analysis on pages iii through ix and budgetary comparison information on page 22-24 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Haring Charter Township, Wexford County, Cadillac, Michigan's basic financial statements. The individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED DECEMBER 31, 2004

Haring Charter Township was incorporated in 1979 under the provisions of Public Act 359 of 1947, as amended, (Charter Township Act). The township has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Haring Charter Township board's discussion and analysis of the financial results for the fiscal year ended December 31, 2004. In future years, comparative information will be provided.

Financial Highlights Section

- The assets of the Township exceeded its liabilities at the close of the fiscal year by \$1,565,954. Of this amount, \$581,327 may be used to meet the township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$359,699, an increase of \$95,913 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The government-wide financial statements, required by GASB 34, are new and being shown for the first time in 2004 for Haring Charter Township. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED DECEMBER 31, 2004

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include legislative, general government public safety, public works, cultural and recreation, debt service, and other functions. The Township does not have any business-type activities.

Fund Financial Statements

For the most part, the fund financial statements are comparable to prior years' financial statements. The primary difference is that the Account Groups (General Fixed Assets and General Long-Term Debt) are no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township are \$1,565,954 at December 31, 2004, meaning the Township's assets

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED DECEMBER 31, 2004

were greater than its liabilities by this amount. Because of GASB Statement Number 34, this is the first year that this information is presented; therefore, only one year of data is shown. A useful comparative analysis will be presented in future years when the information is available.

**Haring Charter Township
Net Assets as of December 31, 2004**

	<u>Governmental Activities</u>
Assets	
Current Assets	\$ 625,762
Non Current Assets	
Capital Assets	2,143,817
Less: Accumulated Depreciation	<u>1,077,699</u>
Total Non Current Assets	<u>1,066,118</u>
Total Assets	\$ <u><u>1,691,880</u></u>
Liabilities	
Current Liabilities	\$ 80,125
Non Current Liabilities	<u>45,801</u>
Total Liabilities	<u>125,926</u>
Net Assets	
Invested in Capital Assets - Net of Related Debt	984,627
Unrestricted	<u>581,327</u>
Total Net Assets	<u>1,565,954</u>
Total Liabilities and Net Assets	\$ <u><u>1,691,880</u></u>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment and other), less any related debt that is outstanding that the Township used to acquire or construct the asset. The Township has \$581,327 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED DECEMBER 31, 2004

The total net assets of the Township increased by \$49,120 or 3.2% in this fiscal year, which is a good indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

Haring Charter Township Change in Net Assets For the Fiscal Year Ended December 31, 2004	
	Governmental Activities
<u>Revenues</u>	
Program Revenues	
Charges for Services	\$ 13,261
Operating Grants and Contributions	3,537
General Revenues	
Property Taxes	212,024
Licenses and Permits	26,164
State Shared Revenues	203,629
Investment Earnings	3,821
Other	78,580
Total Revenues	<u>541,016</u>
<u>Expenses</u>	
Legislative	32,125
General Government	166,832
Public Safety	199,290
Public Works	6,505
Community and Economic Development	26,059
Recreation and Culture	70
Other Functions	43,623
Debt Service	4,113
Unallocated Depreciation	13,279
Total Expenses	<u>491,896</u>
Changes in Net Assets	49,120
<u>NET ASSETS</u> – Beginning of Year	<u>1,516,834</u>
<u>NET ASSETS</u> – End of Year	<u>\$ 1,565,954</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED DECEMBER 31, 2004

Governmental Activities

During the fiscal year ended December 31, 2004, the Township's net assets increased by \$49,120 or 3.2% in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

The most significant part of the revenue for all governmental activities of Haring Charter Township comes from property tax and state shared revenues. State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In 2004, the amount of state shared revenue received by the Township trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

The Township levied operating millage, this fiscal year. The Township levied 2.00 mills for operating purposes.

The Township's governmental activities expenses are dominated by general governmental expenses that total 3.4% of total expenses. The Township spent \$166,832 in fiscal year 2004 on general administrative expenses.

Financial Analysis of the Government's Funds

Governmental Activities The focus of Haring Charter Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Haring Charter Township's governmental funds reported combined ending fund balances of \$359,699. Approximately 94% of this total amount (\$339,277) constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures, such as capital outlay, that will enhance fire protection.

General Fund – The General Fund increased its fund balance by \$66,702, which brings the fund balance to \$339,277. Of the General Fund's fund balance, 100% is unreserved.

Fire Fund – The Fire Fund decreased its fund balance by \$23,626, which brings the fund balance to \$4,775. This balance is reserved and must be used for fire protection.

All of the Fire Funds function ended the year with expenditures below budgeted amounts.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED DECEMBER 31, 2004

Liquor Law Enforcement Fund – The Liquor Law Enforcement Fund decreased its fund balance by \$9, which brings the fund balance to \$898. This balance is designated to be used for liquor law enforcement.

Improvement Revolving Fund – The Improvement Revolving Fund increased its fund balance by \$16,432, which brings the fund balance to \$17,445.

Viking Acres and Seneca Street Funds – These funds were established to collect special assessment levies used for road improvements.

Capital Assets and Debt Administration

Capital Assets. The Township's investment in capital assets for governmental activities as of December 31, 2004 amounted to \$1,066,118 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$1,000 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

Haring Charter Township
Capital Assets as of December 31, 2004

	Governmental Activities
Land	\$ 193,113
Buildings and Improvements	537,836
Machinery and Equipment	882,071
Furniture and Fixtures	15,417
Vehicles	515,380
	<hr/> 2,143,817
Less Accumulated Depreciation	<hr/> 1,077,699
Net Capital Assets	\$ <u><u>1,066,118</u></u>

Long-Term Debt. As of December 31, 2004, the Township had total debt outstanding of \$81,491.

Economic Condition and Outlook

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State shared revenues are expected to decrease in the 2005 year.

These factors were considered in preparing the Township's budgets for the 2005 year.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED DECEMBER 31, 2004

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Haring Charter Township at 515 Bell Avenue, Cadillac, MI 49601.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 390,256
Accounts Receivable	1,178
Special Assessments Receivable	23,209
External Party Receivable (Fiduciary Fund)	61,653
Taxes Receivable	<u>149,466</u>
Total Current Assets	<u>625,762</u>
<u>CAPITAL ASSETS</u>	
Land	193,113
Buildings and Improvements	537,836
Machinery and Equipment	882,071
Furnitures and Fixtures	15,417
Vehicles	<u>515,380</u>
	2,143,817
Less Accumulated Depreciation	<u>1,077,699</u>
Net Capital Assets	<u>1,066,118</u>
TOTAL ASSETS	<u>\$ 1,691,880</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	44,311
Accrued Interest Payable	124
Current Portion of Non-Current Liabilities	<u>35,690</u>
Total Current Liabilities	<u>80,125</u>
<u>NONCURRENT LIABILITIES</u>	
Loan Payable	67,581
Mortgage Payable	<u>13,910</u>
	81,491
Less: Current Portion	<u>(35,690)</u>
Total Non-Current Liabilities	<u>45,801</u>
TOTAL LIABILITIES	<u>125,926</u>

The accompanying notes are an integral part of the financial statements.

NET ASSETS

Invested in Capital Assets, Net of Related Debt	984,627
Unrestricted	<u>581,327</u>
TOTAL NET ASSETS	<u>1,565,954</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,691,880</u>

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
GOVERNMENTAL ACTIVITIES					
Legislative	\$ 32,125	\$ 0	\$ 0	\$ 0	\$ (32,125)
General Government	166,832	13,261	0	0	(153,571)
Public Safety	199,290	0	3,537	0	(195,753)
Public Works	6,505	0	0	0	(6,505)
Community and Economic Development	26,059	0	0	0	(26,059)
Recreation and Culture	70	0	0	0	(70)
Other Functions	43,623	0	0	0	(43,623)
Debt Service	4,113	0	0	0	(4,113)
Unallocated Depreciation	13,279	0	0	0	(13,279)
Total Governmental Activities	\$ 491,896	\$ 13,261	\$ 3,537	\$ 0	(475,098)

GENERAL REVENUES

Property Tax	212,024
Licenses and Permits	26,164
State Shared Revenues	203,629
Investment Earnings	3,821
Other	78,580
Total General Revenues	524,218
Change in Net Assets	49,120
<u>NET ASSETS</u> - Beginning of Year	1,516,834
<u>NET ASSETS</u> - End of Year	\$ 1,565,954

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2004

ASSETS

	GENERAL	FIRE PROTECTION	LIQUOR LAW ENFORCEMENT
Cash	\$ 346,109	\$ 4,775	\$ 2,975
Accounts Receivable	1,178	0	0
Special Assessment Receivable	0	0	0
Due from Other Funds	108,587	0	0
Taxes Receivable	149,466	0	0
TOTAL ASSETS	<u>\$ 605,340</u>	<u>\$ 4,775</u>	<u>\$ 2,975</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 44,311	\$ 0	\$ 0
Due to Other Funds	0	0	2,077
Deferred Revenue	221,752	0	0
Total Liabilities	<u>\$ 266,063</u>	<u>\$ 0</u>	<u>\$ 2,077</u>

FUND BALANCE

Reserved for:

Fire Protection	\$ 0	\$ 4,775	\$ 0
Liquor Law Enforcement	0	0	898
Capital Improvements	0	0	0
Road Improvements (Deficit)	0	0	0
Unreserved	339,277	0	0
Total Fund Balance	<u>\$ 339,277</u>	<u>\$ 4,775</u>	<u>\$ 898</u>

TOTAL LIABILITIES
AND FUND BALANCE

\$ 605,340	\$ 4,775	\$ 2,975
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The accompanying notes are an integral part of the financial statements.

IMPROVEMENT REVOLVING	SENECA STREET	VIKING ACRES	ROAD IMPROVEMENT	TOTALS
\$ 17,445	\$ 14,529	\$ 4,423	\$ 0	\$ 390,256
0	0	0	0	1,178
0	21,869	1,340	0	23,209
48,000	3,143	0	0	159,730
0	0	0	0	149,466
<u>\$ 65,445</u>	<u>\$ 39,541</u>	<u>\$ 5,763</u>	<u>\$ 0</u>	<u>\$ 723,839</u>

\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,311
48,000	48,000	0	0	98,077
0	0	0	0	221,752
<u>\$ 48,000</u>	<u>\$ 48,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 364,140</u>

\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,775
0	0	0	0	898
17,445	0	0	0	17,445
0	(8,459)	5,763	0	(2,696)
0	0	0	0	339,277
<u>\$ 17,445</u>	<u>\$ (8,459)</u>	<u>\$ 5,763</u>	<u>\$ 0</u>	<u>\$ 359,699</u>

<u>\$ 65,445</u>	<u>\$ 39,541</u>	<u>\$ 5,763</u>	<u>\$ 0</u>	<u>\$ 723,839</u>
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The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2004

Total Fund Balances for Governmental Funds	\$ 359,699
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Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land	\$ 193,113	
Buildings and Improvements	537,836	
Machinery and Equipment	882,071	
Furniture and Fixtures	15,417	
Vehicles	515,380	
Accumulated Depreciation	<u>(1,077,699)</u>	1,066,118

Current year property tax levy is deferred in governmental activities per Michigan Department of Treasury but reported as income in the Statement of Net Assets	221,752
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Long term liabilities are not due and payable in the current period and
are not reported in the funds

Loan Payable	\$ (67,581)	
Mortgage Payable	(13,910)	
Accrued Interest Payable	<u>(124)</u>	(81,615)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,565,954</u>
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The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2004

	GENERAL	FIRE PROTECTION	LIQUOR LAW ENFORCEMENT	IMPROVEMENT REVOLVING	SENECA STREET
<u>REVENUES</u>					
Taxes	\$ 245,340	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	26,164	0	0	0	0
State Grants	203,629	0	3,537	0	0
Charges for Services	13,261	0	0	0	0
Interest and Rents	3,413	110	8	218	0
Other Revenues	8,922	0	0	0	31,421
Total Revenues	500,729	110	3,545	218	31,421
<u>EXPENDITURES</u>					
Legislative	32,125	0	0	0	0
General Government	166,832	0	0	0	0
Public Safety	56,396	0	3,554	0	0
Public Works	58,922	0	0	0	0
Community and Economic Development	26,059	0	0	0	0
Recreation and Culture	70	0	0	0	0
Other Functions	43,623	0	0	0	0
Debt Service	0	23,736	0	33,786	0
Total Expenditures	384,027	23,736	3,554	33,786	0
Excess (Deficiency) of Revenues Over Expenditures	116,702	(23,626)	(9)	(33,568)	31,421
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	0	0	0	50,000	0
Transfers Out	(50,000)	0	0	0	0
Total Other Financing Sources (Uses)	(50,000)	0	0	50,000	0
Net Change in Fund Balance	66,702	(23,626)	(9)	16,432	31,421
<u>FUND BALANCE</u> - Beginning of Year	272,575	28,401	907	1,013	(39,880)
<u>FUND BALANCE</u> - End of Year	\$ 339,277	\$ 4,775	\$ 898	\$ 17,445	\$ (8,459)

The accompanying notes are an integral part of the financial statements.

VIKING ACRES	ROAD IMPROVEMENT	TOTALS
\$ 0	\$ 0	\$ 245,340
0	0	26,164
0	0	207,166
0	0	13,261
72	0	3,821
4,921	0	45,264
4,993	0	541,016
0	0	32,125
0	0	166,832
0	0	59,950
0	0	58,922
0	0	26,059
0	0	70
0	0	43,623
0	0	57,522
0	0	445,103
4,993	0	95,913
16,437	0	66,437
0	(16,437)	(66,437)
16,437	(16,437)	0
21,430	(16,437)	95,913
(15,667)	16,437	263,786
\$ 5,763	\$ 0	\$ 359,699

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2004

Net change in Fund Balance - Total Governmental Funds	\$ 95,913
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(161,025)
Capital Outlay	60,823
Accrued interest on note payable is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.	
Accrued Interest Payable - Beginning of Year	222
Accrued Interest Payable - End of Year	(124)
Repayments of principal on long-term debt is an expenditure in the governmental fund, but not in the statement of activities (where it is a reduction of liabilities).	<u>53,311</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 49,120</u></u>

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Haring Charter Township was incorporated in 1979 under the provisions of Public Act 359 of 1947, as amended, (Charter Township Act). The township operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and Fund Financial Statements

During 2004, the Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

Haring Charter Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditure for fire protection.

The *Liquor Law Enforcement Fund* accounts for revenue sources that are legally restricted to expenditure for liquor law enforcement.

The *Improvement Revolving Fund* accounts for revenues and expenses that are used for capital improvements.

Additionally Haring Charter Township reports the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The investment policy adopted by the Township states that the Township is limited to investments authorized by Public Act 20 of 1943 (MCL 129.91 et seq), as amended, or as shall be amended in the future, and may include the following:

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution. Authorized depositories shall be designated by the Haring Charter Township Board at the Board's organizational meeting after each regular election of members.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (ex Sess) PA7, MCL 124.501 to 124.512.
- (e) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.11 to 129.118.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and 50% of Cadillac Area Public School's taxes are levied and due July 1, and become delinquent after September 14. County and the balance of school taxes are levied and due December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2003 taxable valuation of Haring Charter Township totaled \$105,882,980, on which ad valorem taxes levied consisted of 2 mills for Haring Charter Township operating purposes. This levie raised approximately \$211,860 for operating purposes.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

3. *Inventories*

Inventories are not significant and are expensed as acquired.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>CAPITAL ASSETS</u>	<u>YEARS</u>
Buildings and Improvements	20 – 50
Machinery and Equipment	10
Furniture and Fixtures	5 – 10
Vehicles	5

5. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. *Comparative Data/Reclassifications*

Comparative total data for prior years have been presented for all funds in the fund financial statement in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. *Budgetary Information*

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on October 13, 2003, or as amended by the Township board from time to time throughout the year.

The appropriated budgets are prepared by fund and activity. The Township board exercises budgetary control over expenditures.

Encumbrance accounting not employed in governmental funds.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The Township's deposits and investments are on deposit with Chemical Bank West and Northwestern Area Credit Union, Cadillac, Michigan.

Investment rate risk. The township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

Foreign currency risk. The Township is not authorized to invest in investments, which have this type of risk.

Credit risk. The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

Concentration of credit risk. The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. As of December 31, 2005, \$909,392 of the government's bank balance of \$1,009,392 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at the year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end, all of the Township's investments were uncategorized as to risk.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

B. Receivables

Receivables as of year end for the government's individual major funds are as follows:

	General	Senaca Street	Viking Acres	Total
Receivables				
Taxes	\$149,466	\$ 0	\$ 0	\$ 149,466
Special Assessments Accounts	0	21,869	1,340	23,209
Interest	1,178	0	0	1,178
Total	<u>\$150,644</u>	<u>\$ 21,869</u>	<u>\$ 1,340</u>	<u>\$ 173,853</u>

Delinquent assessment receivables can be placed on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

C. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 193,113	\$ 0	\$ 0	\$ 193,113
Capital assets, being depreciated				
Buildings and Improvements	485,419	52,417	0	537,836
Machinery and Equipment	873,665	8406	0	882,071
Furniture and Fixtures	15,417	0	0	15,417
Vehicles	515,380	0	0	515,380
Total capital assets, being depreciated	<u>1,889,881</u>	<u>60,823</u>	<u>0</u>	<u>1,950,704</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

Less accumulated depreciation for:

Buildings and Improvements	147,599	(8,697)	0	156,296
Machinery and Equipment	394,346	(88,352)	0	482,698
Furniture and Fixtures	9,541	(1,788)	0	11,329
Vehicles	365,188	(62,188)	0	427,376
	<hr/>			
Total accumulated depreciation	916,674	(161,025)	0	1,077,699
	<hr/>			
Total capital assets, being depreciated, net	973,207	(100,202)	0	873,005
	<hr/>			
Governmental activities capital assets, net	\$ 1,166,320	\$ (100,202)	\$ 0	\$ 1,066,118

Construction Commitments:

The government has no outstanding construction commitments as of December 31, 2004.

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at December 31, 2004, were:

<u>FUND</u>	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 108,587	\$ 0
Improvement Revolving Fund	48,000	48,000
Senaca Street Fund	3,143	48,000
Current Tax Collection Fund	0	63,730
	<hr/>	
	\$ 159,730	\$ 159,730

Interfund Transfers as of December 31, 2004, were:

	TRANSFERS IN	OUT
General Fund	\$ 0	\$ 50,000
Improvement Revolving Fund	50,000	0
Viking Acres Street Fund	14,437	0
Road Improvement Fund	0	14,437
	<hr/>	
	\$ 66,437	\$ 66,437

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3)

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

4. Long-Term Debt

The following is a summary of the long-term debt transactions of the Township for the year ended December 31, 2004:

	INSTALLMENT NOTE
Long-Term Debt Payable at January 1, 2004	\$ 134,802
Long-Term Debt Issued	0
Long-Term Debt Retired	<u>(53,311)</u>
LONG-TERM DEBT PAYABLE AT DECEMBER 31, 2004	<u>\$ 81,491</u>
Amount due within one year	<u>\$ 35,690</u>

Long-term debt at December 31, 2004 is comprised of the following:

Building Mortgage Payable

\$200,000 installment note with Citizens Bank dated May 15, 2000, due in 84 monthly installments of \$2,816 including interest at 4.88% \$ 13,910

Installment Purchase Contract

\$109,000 installment note with Citizens Bank dated December 16, 2003 due in 60 monthly installment of \$1,978 including interest at 3.39% 67,581
\$ 81,491

The annual requirements to amortize the debt outstanding as of December 31, 2004 are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$ 35,690	\$ 2,123	\$ 37,813
2006	22,531	1,205	23,736
2007	23,270	429	23,699
	<u>\$ 81,491</u>	<u>\$ 3,757</u>	<u>\$ 85,248</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

F. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds which are detailed in the following schedule:

FUND BALANCE/NET ASSETS

Reserved	
Fire Protection Fund	
Fire Protection	4,775
Liquor Law Enforcement Fund	
Liquor Law Enforcement	898
Improvement Revolving Fund	
Public Improvement	17,445
Senaca and Viking Acres Street Funds	
Street Improvements	<u>(2,696)</u>
 TOTAL FUND BALANCE NET ASSETS RESERVES	 \$ <u>20,422</u>

IV. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

B. Retirement Plan

The Township has a defined contribution pension plan with Manufacturers Life Insurance Company which covers all employees except for volunteer firemen and seasonal employees. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 21 and is ineligible at age 73. An employee's normal retirement date is age 65 except for those age 56 and over at entry who will retire after 10 years of participation in the plan or at the plan anniversary nearest age 75 if sooner.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

Township contributions to the plan for 2003-2004, amounted to \$5,396 including administration fees of \$175. Total covered payroll amounted to \$91,895 and total wages including non-covered payroll was \$158,775.

C. Water Distribution System Improvements

During 1995, the Township of Haring requested that the Wexford County Department of Public Works construct a water tower and install new water mains and distribution lines to service existing and new service areas. The improvements would connect the Township's two water systems into one complete system. In order to accomplish these improvements, it was necessary for the complete system to be owned, operated and maintained by one entity and Act No. 185 of the Public Acts of Michigan of 1957 (an Act establishing the County Department of Public Works) required that the Wexford County Department of Public Works own the complete system to provide the financing of the improvements.

To accomplish the improvements, the Township, on September 11, 1995, conveyed to the County all of its rights, title and interest in the existing systems and future improvements. Upon repayment in full of any indebtedness for the improvements and any indebtedness on any other portion of the complete system, and upon payment to the County of any amounts owed it, the County shall, upon the Township's written request, convey the complete system back to the Township.

As of December 31, 2004, all improvements to the system have been completed, and the two separate water systems have been physically connected. Detailed financial information concerning the Township's water system is provided in the Wexford County Comprehensive Annual Financial Report.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2004

	GENERAL FUND				FIRE FUND				LIQUOR LAW ENFORCEMENT FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>												
Taxes	\$ 256,726	\$ 256,726	\$ 245,340	\$ (11,386)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	20,000	20,000	26,164	6,164	0	0	0	0	0	0	0	0
State Grants	208,500	208,500	203,629	(4,871)	0	0	0	0	3,500	3,500	3,537	37
Charges for Services	11,000	11,000	13,261	2,261	0	0	0	0	0	0	0	0
Interest and Rents	1,000	1,000	3,413	2,413	0	0	110	110	5	5	8	3
Other Revenues	600	600	8,922	8,322	0	0	0	0	0	0	0	0
Total Revenues	\$ 497,826	\$ 497,826	\$ 500,729	\$ 2,903	\$ 0	\$ 0	\$ 110	\$ 110	\$ 3,505	\$ 3,505	\$ 3,545	\$ 40
<u>EXPENDITURES</u>												
Legislative	\$ 33,420	\$ 33,420	\$ 32,125	\$ 1,295	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Government	180,725	184,725	166,832	17,893	0	0	0	0	0	0	0	0
Public Safety	75,300	73,300	56,396	16,904	0	0	0	0	3,500	3,500	3,554	(54)
Public Works	80,743	75,469	58,922	16,547	0	0	0	0	0	0	0	0
Community and Economic Development	44,443	42,443	26,059	16,384	0	0	0	0	0	0	0	0
Culture and Recreation	0	70	70	0	0	0	0	0	0	0	0	0
Other Functions	54,000	63,105	43,623	19,482	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	28,529	28,529	23,736	4,793	0	0	0	0
Contingency	10,000	6,099	0	6,099		0	0	0	0	0	0	0
Total Expenditures	\$ 478,631	\$ 478,631	\$ 384,027	\$ 94,604	\$ 28,529	\$ 28,529	\$ 23,736	\$ 4,793	\$ 3,500	\$ 3,500	\$ 3,554	\$ (54)
Excess (Deficiency) of Revenues Over Expenditures	\$ 19,195	\$ 19,195	\$ 116,702	\$ 97,507	\$ (28,529)	\$ (28,529)	\$ (23,626)	\$ 4,903	\$ 5	\$ 5	\$ (9)	\$ (14)
<u>OTHER FINANCING SOURCES (USES)</u>												
Transfers In	\$ 200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	(36,000)	(35,800)	(50,000)	(14,200)	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ (35,800)	\$ (35,800)	\$ (50,000)	\$ (14,200)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (16,605)	\$ (16,605)	\$ 66,702	\$ 83,307	\$ (28,529)	\$ (28,529)	\$ (23,626)	\$ 4,903	\$ 5	\$ 5	\$ (9)	\$ (14)
<u>FUND BALANCE</u> - Beginning of Year	16,605	16,605	272,575	255,970	28,529	28,529	28,401	(128)	1,164	1,164	907	(257)
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 339,277	\$ 339,277	\$ 0	\$ 0	\$ 4,775	\$ 4,775	\$ 1,169	\$ 1,169	\$ 898	\$ (271)

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2004

	IMPROVEMENT REVOLVING FUND				SENECA STREET FUND				VIKING ACRES FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>												
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0	0	0	0	0	0	0	0	0
State Grants	0	0	0	0	0	0	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Rents	0	0	218	218	0	0	0	0	0	0	72	72
Other Revenues	0	0	0	0	7,211	7,211	31,421	24,210	4,660	4,660	4,921	261
Total Revenues	\$ 0	\$ 0	\$ 218	\$ 218	\$ 7,211	\$ 7,211	\$ 31,421	\$ 24,210	\$ 4,660	\$ 4,660	\$ 4,993	\$ 333
<u>EXPENDITURES</u>												
Legislative	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Government	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0
Public Works	0	0	0	0	0	0	0	0	0	0	0	0
Culture and Recreation	0	0	0	0	0	0	0	0	0	0	0	0
Other Functions	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service	0	0	33,786	(33,786)	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	\$ 0	\$ 0	\$ 33,786	\$ (33,786)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ (33,568)	\$ (33,568)	\$ 7,211	\$ 7,211	\$ 31,421	\$ 24,210	\$ 4,660	\$ 4,660	\$ 4,993	\$ 333
<u>OTHER FINANCING SOURCES (USES)</u>												
Transfers In	\$ 35,000	\$ 35,000	\$ 50,000	\$ 15,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,437	\$ 16,437
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 35,000	\$ 35,000	\$ 50,000	\$ 15,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,437	\$ 16,437
Net Change in Fund Balance	\$ 35,000	\$ 35,000	\$ 16,432	\$ (18,568)	\$ 7,211	\$ 7,211	\$ 31,421	\$ 24,210	\$ 4,660	\$ 4,660	\$ 21,430	\$ 16,770
<u>FUND BALANCE</u> - Beginning of Year	1,214	1,214	1,013	(201)	0	0	(39,880)	(39,880)	0	0	(15,667)	(15,667)
<u>FUND BALANCE</u> - End of Year	\$ 36,214	\$ 36,214	\$ 17,445	\$ (18,769)	\$ 7,211	\$ 7,211	\$ (8,459)	\$ (15,670)	\$ 4,660	\$ 4,660	\$ 5,763	\$ 1,103

	ROAD IMPROVEMENT FUND			
	ORIGINAL	FINAL		VARIANCE
	BUDGET	BUDGET	ACTUAL	WITH FINAL
				BUDGET
<u>REVENUES</u>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
State Grants	0	0	0	0
Charges for Services	0	0	0	0
Interest and Rents	0	0	0	0
Other Revenues	0	0	0	0
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>				
Legislative	\$ 0	\$ 0	\$ 0	\$ 0
General Government	0	0	0	0
Public Safety	0	0	0	0
Public Works	0	0	0	0
Culture and Recreation	0	0	0	0
Other Functions	0	0	0	0
Debt Service	0	0	0	0
Contingency	0	0	0	0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 17,000	\$ 17,000	\$ 0	\$ (17,000)
Transfers Out	0	0	(16,437)	(16,437)
Total Other Financing Sources (Uses)	\$ 0	\$ 17,000	\$ (16,437)	\$ (33,437)
Net Change in Fund Balance	\$ 17,000	\$ 17,000	\$ (16,437)	\$ (33,437)
<u>FUND BALANCE - Beginning of Year</u>	0	0	16,437	16,437
<u>FUND BALANCE - End of Year</u>	\$ 17,000	\$ 17,000	\$ 0	\$ (17,000)

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Petty Cash	\$ 100	\$ 100
Commercial Account	346,003	229,930
Savings Account	6	5
Accounts Receivable	1,178	1,178
Taxes Receivable	149,466	145,377
Due from Other Funds	108,587	127,166
TOTAL ASSETS	<u>\$ 605,340</u>	<u>\$ 503,756</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 36,473	\$ 13,117
Payroll Liabilities	7,838	6,141
Deferred Revenue	221,752	211,923
Total Liabilities	\$ 266,063	\$ 231,181
<u>FUND BALANCE</u>		
Unreserved	339,277	272,575
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 605,340</u>	<u>\$ 503,756</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

	2004		2003
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes	\$ 256,726	\$ 245,340	\$ 229,248
Licenses and Permits	20,000	26,164	27,060
State Grants	208,500	203,629	214,789
Charges for Services	11,000	13,261	13,223
Interest and Rents	1,000	3,413	5,101
Other Revenues	600	8,922	1,759
Total Revenues	\$ 497,826	\$ 500,729	\$ 491,180
<u>EXPENDITURES</u>			
Legislative			
Township Board	\$ 33,420	\$ 32,125	\$ 24,644
General Government			
Supervisor	19,850	18,323	16,291
Election	6,050	4,216	2,639
Assessor	42,000	38,580	30,859
Attorney	10,000	11,551	5,858
Clerk	29,000	26,465	25,166
Board of Review	2,720	1,411	1,384
Treasurer	33,180	36,524	34,480
Building and Grounds	36,350	24,646	25,700
Cemetery	5,575	5,116	3,704
Public Safety	73,300	56,396	41,718
Public Works	75,469	58,922	64,000
Community and Economic Development	42,443	26,059	25,411
Recreation and Cultural	70	70	0
Other Functions	63,105	43,623	36,965
Contingency	6,099	0	0
Total Expenditures	\$ 478,631	\$ 384,027	\$ 338,819
Excess (Deficiency) of Revenues Over Expenditures	\$ 19,195	\$ 116,702	\$ 152,361

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

	2004		2003
	BUDGET	ACTUAL	ACTUAL
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
Thrity-Two Mile Road Special Assessment Fund	\$ 0	\$ 0	\$ 542
Fire Protection Fund	0	0	(32,003)
Improvement Revolving Fund	(25,000)	(50,000)	(25,000)
Pleasant Pines Special Assessment Fund	0	0	(2,887)
Road Improvement Fund	0	0	(17,366)
Viking Acres Special Assessment Fund	(4,000)	0	0
Seneca Special Assessment Fund	(7,000)	0	0
Liquor Law Enforcement Fund	200	0	0
Total Other Financing Sources (Uses)	\$ (35,800)	\$ (50,000)	\$ (76,714)
Net Changes in Fund Balance	\$ (16,605)	\$ 66,702	\$ 75,647
<u>FUND BALANCE</u> - Beginning of Year	16,605	272,575	196,928
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 339,277	\$ 272,575

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES
YEAR ENDED DECEMBER 31, 2004

TAXES

Property Taxes	\$ 211,860	
Industrial Facilities Tax	164	
Interest and Penalties on Delinquent Taxes	3,035	
Payments in Lieu of Taxes		
Swamp Tax	4,782	
Commercial Forest Reserve	3	
Property Tax Administration Fee	<u>25,496</u>	
Total Taxes		\$ 245,340

LICENSES AND PERMITS

Nonbusiness Licenses	\$ 7,027	
Cable TV Franchise Fees	<u>19,137</u>	
Total Licenses and Permits		26,164

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax	\$ 197,992	
Telecommunications Right of Way	<u>5,637</u>	
Total State Grants		203,629

CHARGES FOR SERVICES

Summer Tax Collection Fee	\$ 9,961	
Grave Openings	<u>3,300</u>	
Total Charges for Services		13,261

INTEREST AND RENTS

Interest Earnings		3,413
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OTHER REVENUES

Cemetery Lot Sales	\$ 2,393	
Refunds	1,915	
Donations	4,300	
Miscellaneous	<u>314</u>	
Total Other Revenues		<u>8,922</u>
Total Revenues		<u><u>\$ 500,729</u></u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2004

LEGISLATIVE

Township Board		
Personal Services		
Salaries and Wages	\$	6,445
Per Diem		1,275
Supplies		
Office and Operating Supplies		376
Other Services and Charges		
Professional Services		2,559
Contracted Services		6,820
Township Clean Up		5,684
Dues and Fees		2,764
Travel		412
Printing and Publishing		859
Education and Training		1,333
Miscellaneous		<u>3,598</u>
Total Legislative	\$	32,125

GENERAL GOVERNMENT

Supervisor		
Personal Services		
Salaries and Wages	\$	16,950
Per Diem		270
Supplies		
Office Supplies		66
Other Services and Charges		
Travel		371
Education and Training		<u>666</u>
	\$	18,323
Elections		
Personal Services		
Salaries and Wages	\$	2,748
Supplies		
Office and Operating Supplies		1,044
Other Services and Charges		
Printing and Publishing		24
Education and Training		<u>400</u>
		4,216

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2004

Assessor

Personal Services

Salaries and Wages \$ 31,883

Supplies

Office Supplies 6,697 38,580

Attorney

Other Services and Charges

Contracted Services 11,551

Clerk

Personal Services

Salaries and Wages \$ 20,100

Salaries and Wages - Deputy 3,530

Per Diem 675

Supplies

Office Supplies 938

Other Services and Charges

Contracted Services 90

Travel 419

Education and Training 713 26,465

Board of Review

Personal Services

Salaries and Wages \$ 1,231

Supplies

Office Supplies 2

Other Services and Charges

Printing and Publishing 28

Education and Training 150 1,411

Treasurer

Personal Services

Salaries and Wages \$ 24,980

Salaries and Wages - Deputy 1,997

Per Diem 450

Supplies

Office Supplies 660

Other Services and Charges

Contracted Services 6,983

Dues and Fees 65

Communications 19

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2004

Travel	318	
Education and Training	<u>1,052</u>	36,524
Building and Grounds		
Personal Services		
Salaries and Wages	\$ 9,910	
Supplies		
Office and Operating Supplies	903	
Maintenance Supplies	988	
Other Services and Charges		
Professional Services	1,421	
Contracted Services	1,815	
Communications	1,238	
Travel	10	
Public Utilities	4,824	
Repairs and Maintenance	3,321	
Miscellaneous	12	
Capital Outlay	<u>204</u>	24,646
Cemetery		
Supplies		
Maintenance Supplies	\$ 918	
Other Services and Charges		
Contracted Services	3,675	
Repairs and Maintenance	263	
Public Utilities	110	
Capital Outlay	<u>150</u>	<u>5,116</u>
Total General Government		166,832

PUBLIC SAFETY

Fire Protection		
Personal Services		
Salaries and Wages	\$ 13,740	
Supplies		
Office and Operating Supplies	1,922	
Repair and Maintenance Supplies	222	
Other Services and Charges		
Contracted Services	14,300	
Communications	426	
Public Utilities	4,582	

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2004

Insurance	1,011
Repairs and Maintenance	5,298
Education and Training	2,135
Miscellaneous	852
Capital Outlay	<u>11,908</u>

Total Public Safety		56,396
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PUBLIC WORKS

Street Lighting		
Other Services and Charges		
Public Utilities	\$	6,315
Road Construction		
Capital Outlay		52,417
Water and Sewer		
Personal Services		
Salaries and Wages	\$	76
Other Services and Charges		
Travel	<u>114</u>	<u>190</u>

Total Public Works		58,922
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COMMUNITY AND ECONOMIC DEVELOPMENT

Planning and Zoning		
Personal Services		
Salaries and Wages	\$	17,693
Per Diem		1,470
Supplies		
Office Supplies		2,490
Other Services and Charges		
Professional Services		1,726
Contracted Services		120
Travel		144
Communications		512
Printing and Publishing		496
Education and Training	<u>845</u>	\$ 25,496

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2004

Land Division Administration			
Personal Services			
Per Diem		<u>563</u>	
 Total Community and Economic Development			26,059
 <u>RECREATION AND CULTURE</u>			
Parks and Recreation Department			
Other Services and Charges			
Contracted Services			70
 <u>OTHER FUNCTIONS</u>			
Insurance and Bonds		\$ 20,487	
Employee Benefits			
Pension Contribution	\$ 5,396		
Medicare and Social Security	5,826		
Worker's Compensation	5,907		
Unemployment	<u>992</u>	18,121	
 Tax Tribunal Refunds Ordered		4,310	
 Appropriations to Others		<u>705</u>	
 Total Other Functions			<u>43,623</u>
 Total Expenditures			\$ 384,027
 <u>OTHER FINANCING USES</u>			
Transfers Out			
Improvement Revolving Fund			<u>50,000</u>
 TOTAL EXPENDITURES AND OTHER FINANCING USES			<u><u>\$ 434,027</u></u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

FIRE PROTECTION FUND
COMPARATIVE BALANCE SHEET

DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Money Market	<u>\$ 4,775</u>	<u>\$ 28,401</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Fire Protection	<u>4,775</u>	<u>28,401</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,775</u>	<u>\$ 28,401</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

FIRE PROTECTION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Federal Grants			
FEMA Grant	\$ 0	\$ 0	\$ 63,027
Interest and Rents			
Interest Earnings	0	110	204
Total Revenues	<u>\$ 0</u>	<u>\$ 110</u>	<u>\$ 63,231</u>
<u>EXPENDITURES</u>			
Public Safety			
Fire Protection			
Debt Service			
Principal	\$ 23,736	\$ 21,060	\$ 20,359
Interest	4,793	2,676	3,377
Capital Outlay			
Equipment	0	0	70,170
Total Expenditures	<u>\$ 28,529</u>	<u>\$ 23,736</u>	<u>\$ 93,906</u>
Excess (Deficiency) of Revenues			
Over Expenditures	\$ (28,529)	\$ (23,626)	\$ (30,675)
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
General Fund	0	0	32,003
Net Change in Fund Balance	\$ (28,529)	\$ (23,626)	\$ 1,328
<u>FUND BALANCE</u> - Beginning of Year	<u>28,529</u>	<u>28,401</u>	<u>27,073</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 0</u>	<u>\$ 4,775</u>	<u>\$ 28,401</u>

LIQUOR LAW ENFORCEMENT FUND

COMPARATIVE BALANCE SHEET

DECEMBER 31,

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HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

LIQUOR LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grants			
Liquor Licenses Fees	\$ 3,500	\$ 3,537	\$ 3,582
Interest and Rents			
Interest Earnings	5	8	10
Total Revenues	<u>\$ 3,505</u>	<u>\$ 3,545</u>	<u>\$ 3,592</u>
<u>EXPENDITURES</u>			
Public Safety			
Law Enforcement			
Personal Services			
Salaries and Wages	\$ 3,500	\$ 3,121	\$ 3,121
Social Security and Pension	0	233	233
Other Services and Charges			
Administrative Fee	0	200	200
Total Expenditures	<u>\$ 3,500</u>	<u>\$ 3,554</u>	<u>\$ 3,554</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 5	\$ (9)	\$ 38
<u>FUND BALANCE</u> - Beginning of Year	<u>1,164</u>	<u>907</u>	<u>869</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,169</u>	<u>\$ 898</u>	<u>\$ 907</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

IMPROVEMENT REVOLVING FUND

COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 17,445	\$ 1,013
Due from Senaca Street Special Assessment Fund	<u>48,000</u>	<u>48,000</u>
 TOTAL ASSETS	 <u>\$ 65,445</u>	 <u>\$ 49,013</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to General Fund	\$ 48,000	\$ 48,000
 <u>FUND BALANCE</u>		
Reserved for Capital Improvements	<u>17,445</u>	<u>1,013</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 65,445</u>	 <u>\$ 49,013</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

IMPROVEMENT REVOLVING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest Earnings	\$ 0	\$ 218	\$ 217
<u>EXPENDITURES</u>			
General Government			
Building and Grounds			
Capital Outlay			
Land Improvements	\$ 0	\$ 0	\$ 49,295
Debt Service			
Principal Payments	0	32,251	30,711
Interest Charge	0	1,535	3,075
Total Expenditures	\$ 0	\$ 33,786	\$ 83,081
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (33,568)	\$ (82,864)
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
General Fund	35,000	50,000	25,000
Net Change in Fund Balance	\$ 35,000	\$ 16,432	\$ (57,864)
<u>FUND BALANCE</u> - Beginning of Year	1,214	1,013	58,877
<u>FUND BALANCE</u> - End of Year	\$ 36,214	\$ 17,445	\$ 1,013

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

SENECA STREET SPECIAL ASSESSMENT FUND

COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 14,529	\$ 4,977
Special Assessments Receivable	21,869	28,744
Due from Current Tax Collection Fund	<u>3,143</u>	<u>3,143</u>
 Total Assets	 <u>\$ 39,541</u>	 <u>\$ 36,864</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Improvement Revolving Fund	\$ 48,000	\$ 48,000
Deferred Revenue	<u>0</u>	<u>28,744</u>
 Total Liabilities	 \$ 48,000	 \$ 76,744
<u>FUND BALANCE (DEFICIT)</u>		
Reserved for Road Improvements	<u>(8,459)</u>	<u>(39,880)</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 39,541</u>	 <u>\$ 36,864</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

SENECA STREET SPECIAL ASSESSMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest Earnings	\$ 0	\$ 0	\$ 35
Other Revenues			
Special Assessments	7,211	31,421	6,045
Total Revenues	\$ 7,211	\$ 31,421	\$ 6,080
<u>EXPENDITURES</u>	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,211	\$ 31,421	\$ 6,080
<u>FUND BALANCE (DEFICIT) - Beginning of Year</u>	0	(39,880)	(45,960)
<u>FUND BALANCE (DEFICIT) - End of Year</u>	<u>\$ 7,211</u>	<u>\$ (8,459)</u>	<u>\$ (39,880)</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

VIKING ACRES SPECIAL ASSESSMENT FUND

COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 4,423	\$ 152
Special Assessments Receivable	1,340	4,242
Due from Current Tax Collection Fund	0	618
TOTAL ASSETS	<u>\$ 5,763</u>	<u>\$ 5,012</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Road Improvement Fund	\$ 0	\$ 16,437
Deferred Revenue	0	4,242
Total Liabilities	\$ 0	\$ 20,679
<u>FUND BALANCE (DEFICIT)</u>		
Reserved for Road Improvements	5,763	(15,667)
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,763</u>	<u>\$ 5,012</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

VIKING ACRES SPECIAL ASSESSMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest Earnings	\$ 0	\$ 72	\$ 61
Other Revenues			
Special Assessments	4,660	4,921	2,121
Total Revenues	\$ 4,660	\$ 4,993	\$ 2,182
<u>EXPENDITURES</u>			
Public Works			
Highways, Streets, and Bridges			
Repairs and Maintenance	0	0	6,988
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 4,660	\$ 4,993	\$ (4,806)
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
Road Improvement Fund	0	16,437	0
Net Change in Fund Balance	\$ 4,660	\$ 21,430	\$ (4,806)
<u>FUND BALANCE - (DEFICIT) Beginning of Year</u>	0	(15,667)	(10,861)
<u>FUND BALANCE - (DEFICIT) End of Year</u>	<u>\$ 4,660</u>	<u>\$ 5,763</u>	<u>\$ (15,667)</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Due from Viking Acres Special Assessment Fund	<u>\$ 0</u>	<u>\$ 16,437</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>		
Reserved for Road Improvements	<u>0</u>	<u>16,437</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 0</u>	<u>\$ 16,437</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest Earnings	\$ 0	\$ 0	\$ 155
<u>EXPENDITURES</u>			
Public Works			
Highways, Streets & Bridges			
Road Improvements	0	0	50,416
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 0	\$ 0	\$ (50,261)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
General Fund	\$ 17,000	\$ 0	\$ 17,366
Viking Acres Special Assessment Fund	0	(16,437)	0
Total Other Financing Sources (Uses)	\$ 17,000	\$ (16,437)	\$ 17,366
Net Changes in Fund Balance	\$ 17,000	\$ (16,437)	\$ (32,895)
<u>FUND BALANCE</u> - Beginning of Year	0	16,437	49,332
<u>FUND BALANCE</u> - End of Year	\$ 17,000	\$ 0	\$ 16,437

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2004

	BALANCE 1/1/2004	ADDITIONS	DELETIONS	BALANCE 12/31/2004
<u>ASSETS</u>				
Cash	\$ 820,317	\$ 3,790,845	\$ 4,023,881	\$ 587,281
<u>LIABILITIES</u>				
Due to Other Governments	\$ 740,051	\$ 3,533,075	\$ 3,749,575	\$ 523,551
Due to Other Funds	80,266	257,770	274,306	63,730
Total Liabilities	\$ 820,317	\$ 3,790,845	\$ 4,023,881	\$ 587,281

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

STATEMENT OF 2003 SUMMER PROPERTY TAX ROLL
DECEMBER 31, 2004

TAXES ASSESSED

County - State Education Tax	\$ 529,662	
School		
Cadillac Area Public Schools	<u>729,133</u>	\$ 1,258,795

TAXES COLLECTED

County - State Education Tax	\$ 502,191	
School		
Cadillac Area Public Schools	<u>692,284</u>	<u>1,194,475</u>

TAXES RETURNED DELINQUENT

County - State Education Tax	\$ 27,471	
School		
Cadillac Area Public Schools	<u>36,849</u>	<u>\$ 64,320</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

STATEMENT OF 2003 WINTER PROPERTY TAX ROLL
DECEMBER 31, 2004

TAXES ASSESSED

County	\$ 1,076,874	
Township		
Operating	211,860	
Delinquent Service Billings and Assessments		
Water	29,093	
Sewer	28,297	
Road	3,011	
School		
Cadillac Area Public Schools	729,128	
Intermediate School		
Wexford-Missaukee	<u>635,621</u>	\$ 2,713,884

TAXES COLLECTED

County	\$ 964,647	
Township		
Operating	189,777	
Delinquent Service Billings and Assessments		
Water	22,574	
Sewer	21,386	
Road	931	
School		
Cadillac Area Public Schools	652,606	
Intermediate School		
Wexford-Missaukee	<u>569,378</u>	<u>2,421,299</u>

TAXES RETURNED DELINQUENT

County	\$ 112,227	
Township		
Operating	22,083	
Delinquent Service Billings and Assessments		
Water	6,519	
Sewer	6,911	
Road	2,080	
Schools		
Cadillac Area Public Schools	76,522	
Intermediate School		
Wexford-Missaukee	<u>66,243</u>	<u>\$ 292,585</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

STATEMENT OF 2003 SUMMER INDUSTRIAL FACILITIES TAX ROLL
DECEMBER 31, 2004

TAXES ASSESSED

Cadillac Area Public Schools			
Local Share	\$	154	
State Share		<u>1,539</u>	\$ 1,693

TAXES COLLECTED

Cadillac Area Public Schools			
Local Share	\$	154	
State Share		<u>1,539</u>	<u>1,693</u>

TAXES RETURNED DELINQUENT

Cadillac Area Public Schools			
Local Share	\$	0	
State Share		<u>0</u>	<u>\$ 0</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

STATEMENT OF 2003 WINTER INDUSTRIAL FACILITIES TAX ROLL
DECEMBER 31, 2004

TAXES ASSESSED

County		\$	833	
Township				
Operating			164	
Cadillac Area Public Schools				
Local Share	\$	154		
State Share		719	873	
Wexford-Missaukee Intermediate				
Local Share	\$	492		
State Share		0	492	\$ 2,362

TAXES COLLECTED

County		\$	833	
Township				
Operating			164	
Cadillac Area Public Schools				
Local Share	\$	154		
State Share		719	873	
Wexford-Missaukee Intermediate				
Local Share	\$	492		
State Share		0	492	2,362

TAXES RETURNED DELINQUENT

County		\$	0	
Township				
Operating			0	
Cadillac Area Public Schools				
Local Share	\$	0		
State Share		0	0	
Wexford-Missaukee Intermediate				
Local Share	\$	0		
State Share		0	0	\$ 0

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

October 20, 2005

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Haring Charter Township
Wexford County
Cadillac, Michigan

During the course of our audit of the general-purpose financial statements of Haring Charter Township for the year ended December 31, 2004, we noted the following list of items which we feel deserve comment:

Budgeting

The Road Improvement Fund and Viking Acres Special Assessment Funds exceeded the budgeted amounts. The Township Board should continue to monitor the budgets and make budget amendments when necessary.

Bank Reconcilements

We encourage the Township to reconcile bank accounts monthly. Any differences between bank and book balances should be adjusted in the treasurers and clerks records on a monthly basis.

Interfund Transfers

During our audit we determined various transfers that need to be made between several of the Townships individual funds. We have provided a list of these transfers to be made to the township clerk and treasurer so that the due to/due from accounts can be eliminated.

Computerized Recordkeeping

In reviewing the Townships computerized records, we made numerous adjustments to the general ledger. We recommend that the clerk and treasurer balance records with each other on a monthly basis to insure that cash accounts reconcile.

We wish to express our appreciation for the cooperation and courtesy extended to our staff by the Township officials during the course of our audit. In addition, we would like to thank the Township Board for its continued confidence in our firm. If you have any questions relative to the preceding comments and recommendations, or other areas of your annual audit, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.

JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

October 20, 2005

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Haring Charter Township
Wexford County
Cadillac, Michigan

In planning and performing our audit of the financial statements of Haring Charter Township, Wexford County, Cadillac, Michigan for the year ended December 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the State make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. The Township has implemented all reasonable internal controls and when consideration is made of the cost of implementing additional controls versus the benefit to be derived by additional controls, the costs far outweigh the benefits.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is not a material weakness

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.